MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2016/2017

DMG 5038 – MANAGEMENT ACCOUNTING

(For Diploma Students Only)

8 March 2017
9.00 A.M. – 11.00 A.M.
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **5** pages with **5** questions.
2. Answer **ALL** questions.
3. Write your answers in the answer booklet provided.

Question 1

a) Explain stakeholder theory. (5 marks)

b) Explain the reporting structure in a tall organization. (10 marks)

[Total: 15 marks]

Question 2

Southern Quarry produces crushed limestones used in the construction of roads and highways. To produce the crushed limestones, the company puts blocks of limestone rocks into the crushing process. Suppose that on 1 January 2017, the company has 24 tons of rock (75 percent complete) in the crushing process. The cost of that beginning work in process inventory was RM 6,000 (materials – RM 2,880, conversion cost – RM 3,120). During January, the company added 288 tons of rock from its quarry and at the end 15 tons remained in process, on average one-third complete. Direct material cost was RM 34,560 and the conversion cost was RM 40,670.

Instruction:

Prepare a production cost report for the month of January 2017. (20 marks)

[Total: 20 marks]

Question 3

Part A

Juicee's Bar operates a food stall business selling fruit juices. The juices sell at a price of RM 3 per glass and each glass costs an average of RM 2.20. Juicess's Bar hired two assistants for a monthly salary of RM 1,500 for each assistant. The rent, utilities and other fixed overhead costs are RM 5,000 per month. A recent increase in the price of fresh fruits has seen Juicee's Bar cost for each glass increased to RM 2.50. Due to increasing demand for its products, Juicee's Bar is planning to expand its capacity which will add RM 2,000 to the monthly fixed overhead costs.

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Instructions:

a) Calculate contribution margin per unit based on average cost of RM 2.20 per glass. (2 marks)

b) Calculate break-even point based on the current cost situation. (2 marks)

c) Calculate the new contribution margin per unit based on average cost of RM 2.50 per glass. (2 marks)

d) Calculate the new break-even point based on the new cost situation. (2 marks)

e) Suppose Juicee's Bar plans to earn net income of RM 10,000 per month. Calculate the required sales units based on the contribution margin per unit calculated in (a). (2 marks)

Part B

Excel Electronics manufactures its products in three categories: basic, deluxe and premium. The company uses activity-based costing to assign manufacturing overhead to these three product categories. The following tables contain data pertaining to the company's activity-based costing:

Activity	Cost Driver
Materials handling	Direct materials cost
Engineering	Engineering change notices
Power	Kilowatt hours

	Basic	Deluxe	Premium
Direct materials cost	RM 25,000	RM 50,000	RM 125,000
Direct labour cost	RM 4,000	RM 1,000	RM 3,000
Kilowatt hours	50,000	200,000	150,000
Engineering change notices	13	5	2

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Manufacturing overhead costs for the month were as follows:

Materials handling	RM 12,000
Engineering	20,000
Power	16,000
Total manufacturing overhead	RM 48,000

Instructions:

a) Calculate the activity based rates for each product category. (4.5 marks)

b) Calculate the manufacturing overhead costs assigned to each product category.

(10.5 marks)

[Total: 25 marks]

Question 4

Following are information about Bagus Sdn. Bhd. for 2017:

Sales units	First quarter 5,000, second quarter 6,000, third quarter 7,000
Ending raw materials inventory	50% of the next quarter's production requirements
Ending finished goods inventory	30% of the next quarter's expected sales units
Third quarter production	7,250 units

The ending raw materials and finished goods inventories at 31 December 2016 follow the same percentage relationships to production and sales that occur in 2017. Three pounds of materials are required to make each unit of finished goods. Raw materials purchased are expected to cost RM 4 per pound.

Instructions:

a) Prepare a quarterly production budget for 6-months ending 30 June 2017. (8 marks)

b) Prepare a quarterly direct materials budget for 6-months ending 30 June 2017.

(12 marks)

[Total: 20 marks]

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Question 5

Part A

Following are information about Beryl's Chocolate:

1. Actual production: 4,000 boxes of chocolates
2. Direct materials: actual used 4,300 pounds of chocolate at RM 15 per pound. Standard price is RM 16 per pound and standard quantity allowed per box of chocolates is 1 pound.
3. Direct labour: actual hours of 6,400 at RM 30.5 per hour. Standard hours allowed per box of chocolate is 1.5 hours. Standard price is RM 30 per hour.

Instructions:

Calculate the following:

i. Material price variance (3 marks)

ii. Material quantity variance (3 marks)

iii. Labour price variance (3 marks)

iv. Labour quantity variance (3 marks)

Part B

CCM Chemicals produced three joint products at a joint cost of RM 117,000. These products were processed further and sold as follows:

Product	Sales	Incremental Costs
A	RM 230,000	RM 190,000
B	330,000	300,000
C	175,000	100,000

The company has alternatives to sell these products at their split-off point for values of RM 54,000, RM 32,000 and RM 54,000 respectively.

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Instruction:

Determine whether the products should be processed further or sold at their split-off point. (8 marks)

[Total: 20 marks]

[Grand Total: 100 marks]

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